

JIM R. SCARTH
Attorney at Law
Ancestor Square - Tower Bldg. - Suite 32
P.O. Box 160
St. George, Utah 84771
Telephone No. (801) 628-2884

September 14, 1994

D. Wayne Hedberg
Permit Supervisor
State of Utah
Department of Natural Resources
Division of Oil, Gas, and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

RE: Damaged to real property being mined by March Corporation,
Bald Knoll Mine, M/025/012

Dear Mr. Hedberg:

I am writing this letter on behalf of Trevor K. and Robert C. Leach, the surface owners of the area being mined by the March Corporation.

My clients have serious concerns regarding the following:

1. The March Corporation has ruined the road through Section 21 by blading off the shale.
2. Brush was pushed in piles by the sides and never moved.
3. In June of 1994 the March Corporation buried one culvert and verbally refused to open it in the presence of Trevor Leach, Ken Leach, Mr. Blake, Lane Little, Worth Brown, and Bob Leach.
4. The road that goes from the Ranch southern boundary to the mine site was maintained by my client's family for over 70 years. No County or State equipment has been on the road.

5. The March Corporation has failed to put in the three culverts that they agreed to put in on the mile strip. It agreed to put shale on, and have also failed to do that. It was only to be a single lane (15 feet wide). The permittee tore down the original gate and refused to shut it after it was rebuilt.

6. In Mr. Blake's presence the March Corporation agreed to put in a cattle guard between Section 16 and 21 and has failed to do so.

7. The March Corporation left a ditch 1/4 mile long that turns on the road to get to Fisher's spring property.

8. The March Corporation cut a pipeline which was 36 inches deep and they have never attempted to fix it. The line runs to Section 21 and is used for watering livestock.

9. A. Edwards sent a letter to my client in which he stated that he wasn't responsible if he killed any livestock with his trucks.

10. When the March Corporation first started they verbally agreed to pay my clients \$5 a yard for materials taken.

11. The permittee has pushed shale into the existing cattle guard and has never cleaned it out.

12. The road is between 30 and 60 feet wide and the permittee has damaged the grazing land along the roadside area.

13. The March Corporation has disrupted the natural drainage of the water because the culverts have never been installed where they agreed to put them.

14. It is hauling more material than it is claiming by the royalty checks that my client has received. The March Corporation should be paying my client on their gross, not their net. My client has not cashed any of the checks.

15. The permittee has left a hole which is about 20 feet deep with sides straight up and down. It is dangerous to animals and humans.

16. It is disturbing livestock and game animals.

17. The permittee should be leaving sod and everything but shale to refill the hole that they have made, instead it has removed those materials from the property.

18. The March Corporation only has rock to put in the hole. No trees are to be buried in the hole. They have left no top soil at the mine sight to reclaim the area.

19. The March Corporation has shown little or no respect for the property and rights of the surface owner

20. In 1982 the road from Section 21 (three miles) to the county road was upgraded by Utah International. Before that time the Leach family maintained the road.

I am enclosing copies of the March Corporation's Royalty Reports to my clients for June, July and August, 1994, as well as copy of its BUILDING STONE AND LIMESTONE SALES AND ROYALTY REPORT dated 6-27-94.

This letter is written to request that your Department require the March Corporation to correct the damage and complaints of my clients, as listed above, within a reasonable time and in the event the permittee fails to address and correct these serious problems, that your Department withdraw its mining permit.

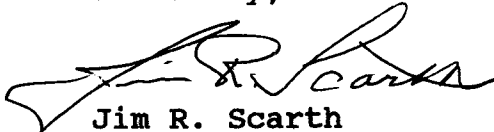
Further, you should be advised that the permittee's trucks are continuously hauling material from the mine site, apparently in amounts much greater than it is reporting to your Department.

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Therefore, it is suggested that your Department consider monitoring the traffic from the mine site in an effort to determine how much the permittee owes to your Department and the surface owners in royalties.

Please keep me apprised of the measures taken by the Department to correct the concerns outlined above.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim R. Scarth", written in a cursive style.

Jim R. Scarth
Attorney at Law

JS/el
cc: Trevor K. Leach

Enclosure



BALD KNOLL MINE PROJECT

238 E. 100 N. #64 • Kanab, UT 84741
Phone: 801-644-8878 • Fax: 801-644-8878

Trevor K. & Robert C. Leach
171 S. 400E.
Kanab, UT 84741

June 29, 1994

Royalty Payment For May, 1994

Lease # 46614

Total Tons 354.77

Average Price \$18.40

Gross Sales \$6,528.46

Royalty Rate 2.5%

Total Royalty \$163.21 Check #1631 Enclosed



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF STATE LANDS AND FORESTRY

335 West North Temple • 3 Triad Center, Suite 400 • Salt Lake City, Utah 84180-1204 • PH 801-538-5508, FAX 801-355-0922

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BUILDING STONE AND LIMESTONE SALES AND ROYALTY REPORT

Use a separate form for each lease. Please print or type.

Payor Name March Corporation Report Period May 1994Address P.O. Box 7186City Bismarck State ND zip 58507State Lease Number ML46614

FOR OFFICE USE ONLY

State Lease Type Clay Lease

Receipt Date _____

Lessee Andrew D. Edwards

Receipt No. _____

Operator March Corporation

Amount Rec'd _____

Commodity Sold Landscape Rock

1) Volume Sold and Unit of Measure

354.77 Ton

2) Average Price per Unit Sold

\$18.40 Per Ton

3) Gross Sales

\$6528.46

Royalty Basis

Percent of Value Cents Per Ton

4) Gross Sales

\$ 6528.46

(value on line 3)

5) Less Allowable Transportation

\$ N/A

6) Net Sales

\$ 6528.46

(subtract line 5 from line 4)

7) Royalty Rate

5 % \$ 326.42

8) Gross Royalty

\$ 326.42

(multiply line 6 or line 1 with rate on line 7)

9) Less Allowable Prepayments

\$ 200.00

10) Net Royalty Due

\$ 126.42

(subtract line 9 from line 8)

Authorized Signature

Andrew D. Edwards

Date

6-27-94

Telephone Number

801 644 8878



BALD KNOLL MINE PROJECT

**238 E. 100 N. #64 • Kanab, UT 84741
Phone: 801-644-8878 • Fax: 801-644-8878**

August 8, 1994

Trevor K. & Robert C. Leach
171 s. 400E
Kanab, UT 84741

Royalty Payment For July 1994

Lease #46614

Total Tons 225.83

Average Price \$19.56

Net Sales \$3,741.71

Royalty Rate 2.5%

Total Royalty \$93.54 Check #1692 Enclosed



BALD KNOLL MINE PROJECT

238 E. 100 N. #64 • Kanab, UT 84741
Phone: 801-644-8878 • Fax: 801-644-8878

July 11, 1994

Trevor K. & Robert C. Leach
171 S. 400E
Kanab, Ut 84741

Royalty Payment For June 1994

Lease # 46614

Total Tons 263.70

Average Price \$18.72

Net Sales \$4,145.90

Royalty Rate 2.5%

Total Royalty \$103.64 Check #1668 Enclosed